

Musante, John

From: Musante, John
Sent: Tuesday, January 27, 2009 11:47 AM
To: Debbie Westmoreland (westmorelandd@arps.org); 'Diana Stein'; Doug Slaughter (dwslotter@aol.com); Elaine L Brighty; Helen Vivian (vivianh@arps.org); Kathleen Anderson (kdqanderson@hotmail.com); Kay Moran (kmoran@crocker.com); 'pgholland@amherst.edu'; Rob Detweiler; Shaffer, Larry; 'Stephanie O'Keeffe'; Turner, Molly (Merrylees@aol.com)
Subject: JCPC Organizational Meeting 2/5/09
Attachments: Amherst Financial Policies and Objectives January 2008.doc; JCPC Report FY 09 FINAL.pdf

Hello all. We are ready to begin our annual update to the town's five year capital plan and develop specific recommendations for FY 10 for the annual town meeting. Our first meeting will be next Thursday, Feb 5 at Noon in the Town Room at Town Hall.

JOINT CAPITAL PLANNING COMMITTEE
Agenda - Meeting of February 5, 2009
Noon, Town Room, Town Hall

1. Review and Revise Capital Planning Policies (if desired) – John Musante
Please review the attached Town of Amherst Financial Policies and Objectives and, particularly, Sections C. Capital Planning and D. Debt Management beginning on page 7.
2. Review Existing Five Year Capital Plan from April 2008 (attached) – John Musante
This will serve as a primer for new members and a refresher for returning members.
3. Review of Available Funds – John Musante
Given the economic downturn, we will need to re-visit our assumption from last year's report that the FY 10 allocation to capital from the tax levy would increase to 8% from FY 09's 7.25%.
4. Distribution of Updated Capital Requests
5. Tentative Meeting Schedule for January – April
Please bring your calendars. I suggest Thursdays at Noon, perhaps with fewer meetings. This is a committee decision.

From: Town of Amherst
Financial Policies & Objectives
January 2008

C. CAPITAL PLANNING

1. Section 5.2 of the Amherst Town Government Act states that "the town manager, with the advice of a joint capital planning committee comprised of representatives from the select board, finance committee, school committee and library trustees, shall develop a capital improvement program to be presented to the select board, finance committee, school committee and library trustees in time to be included in the finance committee report to the next annual town meeting." STATE LAW.
2. On or before January 16 of each year, the Town Manager, after consulting with the School Superintendent and the Library Director, will submit a capital program to the Joint Capital Planning Committee. The proposed program will detail each capital project, the estimated cost, description and funding source.
3. The Joint Capital Planning Committee will update and readopt annually a five-year capital improvement plan, including the upcoming annual capital improvement budget and a four-year projection of capital needs and expenditures which details the estimated cost, description and anticipated funding sources for capital projects.
4. The first year of the five-year capital improvement plan will be the basis of a formal fiscal year appropriation request during the annual budget process.
5. Policies adopted by the Joint Capital Planning Committee (last revised December 8, 2005) are listed below. These policies shall be reviewed by the Joint Capital Planning Committee annually.
 - a. Definition of a capital project: a capital improvement is a tangible asset or project with an estimated useful life of five (5) years or more, and a cost of \$5,000 or more. Among the items properly classified as capital improvements are:
 1. New public buildings, or additions to existing buildings, including land acquisition costs and equipment needed to furnish the new building or addition for the first time;
 2. Major alterations, renovations, or improvements to existing buildings that extend the useful life of the existing buildings by at least ten (10) years;
 3. Land acquisition and / or improvement, unrelated to a public building, but necessary for conservation or park and recreation purposes;
 4. Major equipment acquisition, replacement or refurbishment, including but not limited to vehicles, furnishings, and information technology systems' hardware and software;

5. New construction or major improvements to Town's physical infrastructure, including streets, sidewalks, storm water drains, the water distribution system, and the sanitary sewer system. Infrastructure improvements must extend the useful life of the infrastructure by at least ten (10) years to be appropriately classified as a capital improvement;
 6. A feasibility study, engineering design services, or consultant services which are ancillary to a future capital improvement project.
- b. Guidelines for prioritizing capital projects (not necessarily in priority order):
1. Imminent threat to health and safety of citizens, employees or property (e.g. police cruisers and radios, self-contained breathing apparatus for firefighters);
 2. Maintenance and improvement of capital assets (e.g. major repairs of buildings, replacement of vehicles and equipment, park and play area renovations);
 3. Requirement of state or federal law (e.g. asbestos cleanup program mandated by federal law in 1986, removal of gas tanks, etc);
 4. Improvement of the infrastructure (e.g. streets and sidewalks, water and sewer programs);
 5. Improvement/maintenance of productivity (e.g. equipment replacement, computer hardware / software);
 6. Improvement of an overburdened situation (e.g. Town Hall renovations, cemetery expansion program);
 7. Newly identified need (e.g. recreation fields);
 8. Priority assigned by Department (Very High, High, Medium, Low); and
 9. Consistency with and in furtherance of long-term planning objectives of the Town (e.g. Climate Action Plan, Historic Preservation Plan, etc.).
6. The capital program will be funded by a combination of property taxes, enterprise and other special purpose funds of the Town, and grant funds from the federal and state governments.

An example of a Special Purpose fund is the Ambulance Fund. Grant funding examples include state Chapter 90 grants for road repair/reconstruction and equipment, public safety equipment grants, state grants for economic development infrastructure and parks improvements and federal Community Development Block Grants (CDBG).

7. The annual budget should include a Capital Program that includes debt service obligations and cash-funded capital projects funded from current revenues equal to at least 10% of the estimated property tax levy. This does not include capital projects funded via debt exclusions (debt excluded from Proposition 2 ½ limits). If in any year funds for the capital program recommended to Town Meeting are below the target allocation of 10% of the estimated property tax levy, a plan will also be presented to replenish funding of the capital program to 10% within a reasonable timeframe.

For FY 08, only 7.2% of the tax levy was allocated to the capital program. The Capital Plan was founded on the premise that an allocation of 10% of the levy along with the other resources has proved to be enough, or almost enough, to keep up with renovation and maintenance of existing buildings, and also equipment replacement, but not enough to cover significant new projects.

Much of the Town government's wealth is invested in our capital plant i.e. buildings, fields, infrastructure, equipment, and vehicles. Long-term debt is an appropriate source of funding for certain types of projects while current revenues should be used for those assets with a short useful life. This goal will provide for a source of funding that does not compete with the operating budget, but increases or decreases in relation to growth in the tax levy and growth in the community.

8. The Town will emphasize preventive maintenance as a cost-effective approach to infrastructure maintenance. Exhausted capital goods will be replaced as necessary.
9. The annual operating cost of a proposed capital project, as well as debt service costs, will be identified before any long-term bonded capital project is recommended.

Capital projects may increase future expenses, decrease future expenses, or may be cost-neutral. The funding of capital projects may fall within available revenues (taxes or fees) or new revenue sources (debt or capital exclusions). It is important to project the impact that the proposed capital project has on the operating budget so that operating budget funding sources could also be identified or new funding sources recommended.

D. DEBT MANAGEMENT

1. The requirements for debt financing shall be an expenditure of at least \$25,000 and a useful life in excess of five (5) years for only those projects not able to be financed from current revenues,.
2. Long-term debt will be issued only for objects or purposes authorized by state law.

Debt is an effective way to finance capital improvements or to even out short-term revenue flows. For certain capital projects with a long useful life, debt financing is an equitable financing strategy that allows current and future beneficiaries of a capital investment to share in the cost of that improvement. Unlike most personal or private debt, towns have access to capital at very competitive tax exempt rates.

Properly managed debt helps to preserve the Town's credit rating, provides flexibility in current and future operating budgets, and provides the Town with long-term assets that maintain or improve our quality of life.

3. The term of long-term debt generally shall not exceed the expected useful life of the capital asset being financed. Long-term debt should not be incurred without a clear identification of its financing sources. State law strictly regulates both the purposes for which cities and towns can borrow and the time periods for which these borrowings can occur. Borrowing purposes and maximum loan durations are set out in Chapter 44 §§7 & 8. STATE LAW.

Chapter 44 enunciates numerous limitations and procedures that govern local debt issues. One of these limitations places a ceiling on the maximum amount of debt a town may have authorized at any one time. Chapter 44 §10 sets this limit at 5% of the equalized valuation (EQV) for towns. The statute permits municipalities to exceed these limits only with the approval of the Emergency Finance Board (EFB), established under the provisions of Chapter 10 §47. With EFB approval, the Town's borrowing limit may be increased by an additional 5%. As of June 30, 2006, the Town's debt service equaled only 0.12% of EQV.

4. General Fund debt service, exclusive of debt funded from dedicated revenues raised via voter-approved debt exclusions, will not exceed 10% of General Fund revenues.

The credit rating agencies, such as Moody's Investor Services, consider debt service exceeding 20% of net operating revenues as a potential problem. Dramatic increases in debt service also indicate potential problems unless revenue sources increase to keep pace with these additions to fixed costs. The 10% benchmark provides a policy to apply to new projects and the growth of revenues to finance such projects. As of June 30, 2006, the Town's debt service equaled 3.9% of net operating revenues.

5. The Town will attempt to maintain a long-term debt schedule so that at least 50% of outstanding principal will be paid within 10 years.

Debt service costs include annual principal and interest payments. Debt service costs are also a significant portion of fixed costs. A reasonable maturity schedule not only reduces interest costs, but recognizes that capital needs will continue to be identified and recommended. Credit rating bureaus review these maturity schedules and future capital needs.

5-Feb-2009

[illegible]

FINANCE COMMITTEE REPORT TO 2008 ANNUAL TOWN MEETING:
ARTICLE 15. Capital Program - Equipment
(Joint Capital Planning Committee)

To see if the Town will appropriate \$1,226,400 to purchase, repair, and/or install new or replacement equipment and determine whether such appropriation shall be met by taxation, by the transfer of available funds, or otherwise and further to authorize the application for and acceptance of any gifts, bequests, or grants.

RECOMMENDED by a Finance Committee vote of 5-0, 1 absent.

This article appropriates \$901,400 from taxation, \$140,000 from unexpended capital appropriations from previous years, and \$185,000 from the Ambulance Fund to fund equipment purchases. Below is the list of capital items recommended by the Joint Capital Planning Committee. For a more complete description, see the JCPC Report to Town Meeting.

\$ 39,000	Photocopiers
\$123,000	Town information systems; replace/upgrade computers and network equipment
\$ 40,000	Town's share of GIS flyover
\$130,000	Four replacement police cruisers
* \$160,000	Replacement ambulance (from Ambulance Fund)
* \$ 25,000	Staff vehicle, replacing 1995 vehicle with over 100,000 miles on it (from Ambulance Fund)
\$ 67,400	Protective gear for Fire Department permanent force (added to \$20,600 appropriated last year for the same purpose)
\$115,000	Bombardier sidewalk plow, replacing the DPW's 1983 sidewalk plow
\$ 60,500	One ton dump truck with plow (replacement)
\$ 60,000	One ton dump truck with plow (replacement, funded with unexpended capital appropriation)
\$ 22,000	Greens mower, replacing two-decade old equipment that can no longer be repaired
\$ 20,000	Library information systems; replace/upgrade computers and network equipment
\$ 5,000	Library photocopier/printer/scanner
\$160,000	Two replacement school buses
\$ 40,000	School Department wheelchair van, replacing one of two
\$ 4,000	School telecommunications equipment
\$ 23,000	School copiers (replacements)
\$116,000	School information systems; replace/upgrade computers and network equipment (\$36,000 from taxation, \$80,000 from unexpended capital appropriation)
\$ 16,500	School multimedia/audio/visual replacement equipment

MOTION VOTED:

ARTICLE 15. Capital Program – Equipment (Joint Capital Planning Committee)

VOTED to appropriate \$1,226,400 to purchase, repair, and/or install new or replacement equipment, and to meet such appropriation \$1,086,400 be raised by taxation, \$32,000 be transferred from Article 21 of the 2005 Annual Town Meeting (Vehicle Washer), \$80,000 be transferred from Article 34 of the 2006 Annual Town Meeting (Marks Meadow Portable Classrooms), and \$28,000 be transferred from Article 31 of the 2007 Annual Town Meeting (Police Station HVAC improvements).

Action taken on 5/12/2008.

Town of



AMHERST

Massachusetts

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AMHERST, MA 01002

OFFICE OF THE TOWN MANAGER
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To: Timothy P. Murray, Lieutenant Governor

From: Laurence Shaffer, Town Manager, Amherst

Re: Response to Request for Projects

Date: January 8, 2009

As per your e-mail of December 31, 2008, please find attached the summary and completed submittal forms relative to "shovel ready" projects for the Town of Amherst.

The Town of Amherst, the Jones Library, and the Amherst Pelham Regional Schools have submitted a total of twenty five (25) projects with an estimated cost of \$13,539,000.00. The Town has also developed a numbering system to help classify and manage the requests incorporated into the summary document. Below is an overview of the Amherst request.

• Town of Amherst		
1. Facilities -	6 Requests	\$1,305,000
2. DPW -	13 Requests	\$10,634,000
• Amherst Schools	5 Requests	\$1,300,000
• Jones Library	1 Request	\$300,000
	Total	\$13,539,000

I very much look forward to working with you on accomplishing these important projects.

Town of Amherst
January 8, 2009
Mobilization for Significant Infrastructure Investment Submittal

Project Number	Project Description	Cost
AMH-SCH-01	Kitchen Equipment - Amherst School Department	\$200,000
AMH-SCH-02	Tennis Court - Amherst Pelham Regional Schools	\$150,000
AMH-SCH-03	Swimming Pool - Amherst Pelham Regional Schools	\$250,000
AMH-SCH-04	Resurface Two Parking Lots - Amherst School Department	\$450,000
AMH-SCH-05	Refurbish Auditorium Seats - Amherst Pelham Regional Schools	\$250,000
AMH-DPW-01	Fiber Optic Improvements - Town of Amherst	\$400,000
AMH-DPW-02	Downtown Sidewalk Accessibility & Improvements - Town of Amherst	\$435,000
AMH-DPW-03	Roadway Resurfacing & Maintenance - Town of Amherst	\$4,850,000
AMH-DPW-04	Spring St. & Spring st. Parking Lot & Farmers Market Improvements - Town of Amherst	\$970,000
AMH-DPW-05	Cottage Street Drainage Project - Town of Amherst	\$50,000
AMH-DPW-06	Sandhill Road Drainage Improvement Project - Town of Amherst	\$373,000
AMH-DPW-07	Ruxton Storage Building Improvement - Town of Amherst	\$200,000
AMH-DPW-08	Replacement of Amity Street Water Main & Install Sidewalks - Town of Amherst	\$400,000
AMH-DPW-09	Improvements to Centennial Water Treatment Plant - Town of Amherst	\$1,750,000
AMH-DPW-10	Replacement of Shumway Street Water Main - Town of Amherst	\$225,000
AMH-DPW-11	Replacement of Rolling Ridge Sewer - Town of Amherst	\$506,000
AMH-DPW-12	Photogrammetry, GIS Base Map Development & Lidar Data Capture - Town of Amherst	\$225,000
AMH-DPW-13	Traffic Signal Upgrades - Town of Amherst	\$250,000
AMH-FAC-01	Community Center Roof & HVAC System - Town of Amherst	\$420,000
AMH-FAC-02	Community Center Entrance Way - Town of Amherst	\$100,000
AMH-FAC-03	Kendrick Park Design & Construction - Town of Amherst	\$400,000
AMH-FAC-04	North & Central Fire Station Improvements - Town of Amherst	\$130,000
AMH-FAC-05	Mill River Recreation Area Improvements - Town of Amherst	\$140,000
AMH-FAC-06	Scanning, Removal & Offsite Storage of Paper Records - Town of Amherst	\$115,000
AMH-LIB-01	Energy Efficiency & Infrastructure Improvements - Jones Library	\$300,000
	Total	\$13,539,000

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• Ready to bid

no to a
TRP